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SIPDIS

DEPT FOR ISN/MTR AND EAP/CM

E.O. 12958: DECL: 04/16/2033

TAGS: PARM MTCRE PREL ETTC CH IR TW

SUBJECT: (S) PRC URGED TO INVESTIGATE A CHINESE FIRM'S
MISSILE-RELATED TRANSFERS TO IRAN; UPDATE SOUGHT ON PRC
INVESTIGATION OF A SECOND CHINESE FIRM

REF: A. STATE 39100

¶B. STATE 39690

¶C. 07 BEIJING 5361

¶D. 07 BEIJING 7297

¶E. BEIJING 1050

¶F. 07 BEIJING 7141

Classified By: Political Section Regional Unit Chief Mark Tesone. Reasons 1.4 (b), (c) and (d).

¶11. (S) PolOff informed MFA Arms Control and Disarmament Department Missile Division Deputy Director Wang Daxue on April 16 of recent efforts by the Shanghai Technical By-Products International Corporation (STBPI) to supply missile-useable aluminum, steel, wire and integrated circuits to Iran (ref A). PolOff also asked Wang for an update on the PRC investigation of a shipment of aluminum plates to Iran by the Chinese branch of Taiwan's Yuan Sheng Aluminum Manufacturing Corporation (ref B).

STBPI

¶12. (S) China will look into STBPI's activities, Wang said, but will "have difficulty taking action" if the items are not controlled under Chinese export control laws, nor prohibited by a UN Security Council resolution. The products supplied by STBPI could have many civilian uses. Catch-all controls "are not meant to catch everything," he stated. Wang said he is uncertain whether Chinese law applies to a Chinese company that may have violated U.S. export control laws by re-exporting integrated circuits to Iran. The MFA will have to examine that issue further, he said.

¶13. (S) PolOff stressed to Wang that all of the items STBPI is supplying to Iran are useable in ballistic missiles. This should raise serious concerns with China, particularly given the purchasers' association with Iran's missile program. Reminding Wang that he had recently told PolOff that China's catch-all controls apply to "sensitive items being shipped to sensitive destinations," PolOff pointed out that Wang's comment accurately describes STBPI's activities and should thus trigger China's catch-all controls.

Yuan Sheng Aluminum

¶14. (S) Wang did not have information to share on the Yuan Sheng Manufacturing Corporation, saying only that "several cases are still under review." (Note: The U.S.-China plan to enhance nonproliferation cooperation calls for a regular review of open proliferation cases (ref C and D). Yuan Sheng Manufacturing is on a list of open cases that we provided to the MFA in November and March (ref E and F). Wang said the MFA has been working hard on the list and envisions holding our first review before June.)

RANDT

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